



Postal Registration No. N. E.—771/2006-2008

The Gazette of Meghalaya

EXTRAORDINARY

PUBLISHED BY AUTHORITY

No. 73 Shillong, Wednesday April 16, 2008, 27th Chaitra, 1930 (S. E.)

PART IV

GOVERNMENT OF MEGHALAYA MEGHALAYA LEGISLATIVE ASSEMBLY ORDERS BY THE GOVERNOR

NOTIFICATION

The 16th April, 2008.

No.LB.37/LA/2008/3.—The Meghalaya Co-operative Societies (Amendment) Bill, 2008 introduced in the Meghalaya Legislative Assembly on the 16th April, 2008 together with the statement of Objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

MEGHALAYA CO-OPERATIVE SOCIETIES (AMENDMENT) BILL, 2008.

A

Bill

further to amend the Meghalaya Co-operative Societies Act (Assam Act 1 of 1950 as adapted by Meghalaya).

Be it enacted by the Legislature of the State of Meghalaya in the Fifty-Ninth Year of the Republic of India as follows:-

Short title and commencement	1.	(1) This Act may be called the Meghalaya Co-operative Societies (Amendment) Act, 2008.
		(2) It shall come into force at once.
Amendment of Section 2	2.	In Section 2 of the Meghalaya Co-operative Societies Act (Assam Act No. 1 of 1950 as adapted by Meghalaya) (hereinafter referred to as the principal Act) -
		(i) for clause (a) as amended, the following shall be substituted, namely,-
		"(a) <i>"administrative council"</i> means a body intermediary between a Managing body or Board of Directors and the General Assembly of a registered society;"
		(ii) in clause (d), (h) and (i) between the word ' <i>registered</i> ' and ' <i>society</i> ' appearing therein, the word ' <i>cooperative</i> ' shall respectively be inserted.
		(iii) For clause (j), the following shall be substituted, namely,-
		"(j) <i>"Managing Body"</i> or <i>"Board of Directors"</i> means the body to which the management of the affairs of a registered society is directly entrusted and does not include the Administrative Council."

- (iv) for clause (1) the following new clause (1) shall be substituted, namely,-
- "(1) *"office bearer"* means a member duly elected by the General Assembly of a registered society, accordingly to its bye-laws, to any office of such society, including the office of President or Chairman, Vice-President or Vice Chairman, Secretary, Managing Director and Treasurer.
- (1) (i) Provided that any officer appointed by [Government of Meghalaya] to hold charge of any office of registered society shall be deemed to be any office-bearer unless specifically stated to the contrary;"
- Amendment of Section 6** 3. In section 6 of the principal Act, in Sub-section (1), the words *"or in the same Panchayat Area"* shall be omitted.
- Amendment of Section 10** 4. In section 10 of the principal Act-
- (i) In sub-section (1), for the words *"or a person to whom such power of the Registrar is delegated"* as appearing therein, shall be omitted;
- (ii) In sub-section (3), the words *"or the person to whom the Registrar's power under this section is delegated"* as appearing therein, shall be omitted.
- Amendment of Section 13** 5. In section 13 of the principal Act, in sub-section (2) between the words *"Acts or Rules"* and *"he shall "*, the words *"or any law for the time being in force"* shall be inserted.
- Amendment of Section 14** 6. In section 14 of the principal Act for the existing sub-section (2) (i), (ii), (iii), (iv) and (v), the following shall be substituted namely,-
- "(2) (i) When it appears to an affiliating society that an amendment of the bye-law of a registered society which is a member and debtor of such society, is necessary in the interest of affiliating society it may suggest to the affiliated society that it makes the amendment within such time as it may specify. The affiliating society shall forward to the affiliated society a draft of the suggested amendment of the bye-laws".
- "(ii) If the society fails to implement the suggestion within the time specified, the affiliating society may forward to the Registrar the amendment which it considers necessary, and the Registrar, if satisfied that the amendment is necessary and not contrary to the provisions of this Act or the rules, may thereupon register the amendment and forward to the society a copy thereof together with a certificate signed by him. The certificate shall be conclusive evidence that the amendment has been registered and such amendment shall thereupon be binding upon the society and its members".
- "(iii) In the interest of cooperative movement, the Registrar of Cooperative Society may with the approval of the Government amend any clause of the bye-laws of a Cooperative Society".
- Amendment of Section 17** 7. In section 17 of the principal Act-
- (i) In sub-section (3), for the word *'to'*, the word *'if'* as appeared and substituted in clause (10) of Act No.6 of 2003 shall be deemed to have been substituted in between the words *"their rights"* and *"voting by"* and shall always be deemed to have been substituted accordingly;
- (ii) sub-section (4) shall be omitted.
- Omission of Section 18** 8. Section 18 of the principal Act shall be omitted.
- Amendment of Section 20** 9. In section 20 of the principal Act, sub-section (2) shall be omitted.
- Amendment of Section 21** 10. In section 21 of the principal Act, sub-section (2) shall be omitted.

Amendment of Section 26	11.	For the existing section 26 of the principal Act, the following new section 26 shall be substituted namely,- “ Liability of member on winding up of society with limited liability ”	“ 26. The members of a registered society shall in the winding up of the society be jointly and severally liable to contribute towards any deficiency in the assets of the society, subject to such limitation of amount as may be provided in the bye-laws.”
Amendment of Section 31	12.	In section 31 of the principal Act, after sub-clause (ii) of clause (a) of sub-section (2), the following new clause (b) shall be inserted, namely,- (b) When the bye-laws of a registered society contain the provision of sub-section (2) (a) (ii), if the number of individual members exceed one-third of the total membership of the society, the individual members shall elect at a special meeting to be called by the Secretary of the society not more than one month before the Annual General Meeting in the manner prescribed in the bye-laws for Annual General Meetings, those individual members who, as the representatives of the body of individual members, shall form the one-third membership of the General Assembly for the purpose of voting at the annual and other meetings of the General Assembly during the ensuing year, only such elected representatives having the right to attend and vote at such general meetings.	
Amendment of Section 32	13.	In section 32 of the principal Act- (a) in sub-section (3) for the word ‘or’ appearing between the words “a period” and “ninety days” the word ‘of’ shall be substituted; (b) in sub-section (4) for the words “head office” appearing in the second line, the words “hold office” shall be substituted.	
Amendment of Section 33	14.	In section 33 of the principal Act, in sub-section (1) after the existing clause (a) the following new clause (aa), shall be added, namely,- “(aa) at the request of the chairman of the society provided if such request is in the interest of the cooperative society;”	
Amendment of Section 44	15.	In section 44 of the principal Act, in sub-section (3), between the words “which is” and “the issue” appearing in the second line, the word “not” shall be inserted.	
Amendment of Section 45	16.	In section 45 of the principal Act, the proviso to sub-section (1) shall be omitted.	
Amendment of Section 48	17.	For the existing section 48 of the principal Act, the following shall be substituted, namely,- “ Deduction of dues from Salary ”	“48 (1) If a member of registered society, who is an employee of Government of Meghalaya or any local authority, takes a loan from a society and contracts to repay it by installments, and authorise the society to recover such installments by deduction from his salary, the person who disburses any amount payable to such member as salary or remuneration in respect of such employment shall, on demand from the society, deduct the amount of such installment from the amount disbursed to such member as salary and shall forthwith remit to the society the amount so deducted.
Amendment of Section 50	18.	In section 50 of the principal Act, in clause (a) of sub-section (2), for the word “co-operating” appearing in the eight line, the word “co-operative” shall be substituted.	
Amendment of Section 54	19.	Section 54 of the principal Act shall be omitted.	

Amendment of Section 55	20. In section 55 of the principal Act, in sub-section (1), between the words "registered society" and "once at least" appearing in the fourth and fifth lines, the words " and society under liquidation" shall be inserted.
Amendment of Section 57	21. In section 57 of the principal Act, after clause (vii), the following new clause (viii) shall be added, namely :- "(viii) any other relevant matter."
Amendment of Section 63	22. In section 63 of the principal Act, in sub-section (1) as amended, between the words " the society" and "shall be referred" appearing in the third line, the words "or of the liquidator of a society" shall be inserted.
Amendment of Section 64	23. In section 64 of the principal Act, for sub-section (2), the following sub-sections (2) and (2A) shall be substituted, namely :- "(2) The Registrar may withdraw any reference to such dispute referred under sub-section (1) and may deal with it himself under the said sub-section". " (2A) Where the Registrar is satisfied that a party to any reference made to him under section 63 with intent to defeat or delay the execution of any decision that may be passed thereon - (a) is about to dispose of the whole or any part of his property ; or (b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar, the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he deems necessary; and such attachment shall have the same effect as if it had made by a competent Civil Court."
Amendment of Section 67	24. For existing section 67 of the principal Act, the following new section 67 shall be substituted, namely,- " Distribution of Fund of a dissolved Society " "67. On dissolution of a society, the reserve fund and any undisbursed cash in hand shall be applied to discharging liabilities of the society and the repayment of the share capital. Any sum that may remain may be applied to such item of local and public utility as may be selected by the members of the dissolved society and approved by the Registrar. If within three months of the notice published in the official Gazette under Section 68, notifying the closing of the liquidation proceedings of the society, the members fail to select an item as aforesaid the Registrar shall apply the fund to such local public utility as may be determined by him or credit the remaining sum to the reserve fund of a society to be formed to replace the dissolved society or if there be no such society, to any other deserving society existing within the same area of operation and having objects similar to those of the dissolved society or if there be no such society to any registered society in Meghalaya, as may be determined by the Registrar" .
Amendment of Section 69A	25. In section 69A of the principal Act- (a) In sub-section (1), for the word "suppression" appearing in the second line, the word "supersession" shall be substituted. (b) In sub-section (4), for the words "Executive Officer" and "three years" appearing in

		the fifth and sixth line, the words "Administrator" and "five years" shall respectively be substituted.
Amendment of Section 70	26.	For the existing section 70 of the principal Act as amended, the following new section 70 shall be substituted, namely,- <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>" Power of Registrar to direct payment of dues"</p> </div> <div style="width: 50%;"> <p>"70.(1) Notwithstanding anything contained in Chapter X, the Registrar or such other person as may be authorised, in this behalf, may, on his own motion or on the written requisition of a registered society or an affiliating society for the recovery of any loan due by a defaulting member, after due enquiry, make an award directing payment by member of the amount found to be due.</p> <p>(2) Any Cooperative Society dispensing credit business shall adhere to the Reserve Bank of India's circulars and instructions issued from time to time in the matter of recovery of non-performing assets.</p> </div> </div>
Amendment of Section 76	27.	In section 76 of the principal Act, for the words "twenty five rupees" appearing in three line, the words "two hundred fifty rupees" shall be substituted.
Amendment of Section 97	28.	For the existing section 97 of the principal Act as amended, the following new section 97 shall be substituted, namely,- <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>"Power of the managing body of an affiliating society to enquire into the affairs of a member society"</p> </div> <div style="width: 50%;"> <p>"97. When a registered society takes a loan from an affiliating society and defaults payment of the debt or any installment thereof, any member of the managing body of affiliating society, may examine and look into the accounts and working of such borrowing society and report the result of his enquiry or examination particularly with reference to the said loan to the affiliating society and may recommend any suggestion in his report. The borrowing society shall furnish such information and produce such documents, books and accounts as the member of the managing body may require".</p> </div> </div>
Insertion of new Chapter XIV A in between Chapter XIV and XV.	29.	After section 84 of Chapter XIV and before section 85 of Chapter XV of the principal Act the following new Chapter XIV A and section 84A shall be inserted, namely,- <div style="text-align: center;">Chapter XIV A</div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>"Act to have over riding effect"</p> </div> <div style="width: 50%;"> <p>"84A. Notwithstanding anything contrary contained in this Act,-</p> <ol style="list-style-type: none"> (a) the provisions of the Banking Regulation Act(as applicable to cooperative societies) shall apply to a cooperative bank registered under this Act; (b) no cooperative society other than a cooperative bank shall use as part of its name the word 'bank', 'banker' or 'banking'; (c) no cooperative society other than a cooperative bank shall accept deposits from any person other than its members or accept deposits withdrawable by cheque; (d) no cooperative bank shall change the name, open a new place of business or change its existing place of business outside the city, town or village where it is </div> </div>

- located without the prior approval of the Reserve Bank;
- (e) every cooperative bank shall have at least 3 of its directors who have special knowledge or experience in the field of accountancy, law, banking, management, agriculture or rural economy;
 - (f) the Chief Executive Officer, by whatever name called, of a cooperative bank shall have such qualification as may be specified by Reserve Bank;
 - (g) every cooperative bank shall have its account audited by a qualified chartered accountant in each financial year, subject to such directions as the Reserve Bank may issue from time to time;
 - (h) every cooperative bank shall abide by the directions, guidelines and prudential norms issued by the Reserve bank from time to time in respect of acceptance of deposits, borrowing, lending, investment or any other financial matters;
 - (i) no cooperative bank shall be given exemption from the provision of this chapter by the State Government in exercise of its powers to exempt societies from the provision of the Act without the prior approval of the Reserve Bank;
 - (j) the Reserve Bank may, in the public interest or for preventing the affairs of the cooperative bank being conducted in a manner detrimental to the interest of the depositors or for securing the proper management of the bank, order the supersession of the board and appointment of an administrator therefore for such period or periods not exceeding five years as may, from time to time, be specified by the Reserve Bank and the Administrator so appointed shall continue in office after the expiry of his term of office until the day immediately proceeding the date of the first meeting of the new committee;
 - (k) No order of supersession of the board of a cooperative bank shall be made by the Registrar without the prior approval in writing of the Reserve Bank;
 - (l) an order of supersession of the board and appointment of Administrator therefore made by the Reserve Bank shall not be liable to be called in question in any matter."

"Explanation,- 'Cooperative Bank' means a cooperative bank as defined in section 5 (cci) of the Banking Regulation Act, 1949 (as applicable to the cooperative societies)."

STATEMENT OF OBJECT AND REASONS.

The Meghalaya Cooperative Societies Act (Assam Act 1 of 1950 as adapted by Meghalaya) vide adaptation order No.1 of 1971 need further amendment since vast changes have taken place in the co-operative movement in term of expansion and diversification of activities. The above existing provisions have long been held to be outdated to cope up with the changed scenario to secure balanced growth of the cooperative movement and keeping the need for change some of the provisions of the above Act to meet the altered situation, need amendment of various provisions of the above Act. The recommendations of the Vaidyanathan Committee Report has also been taken into consideration and provisions have been incorporated in the present Bill. The Government has examined the provisions of the Act and amendment may have to be affected in section 2, 6, 10, 13, 14, 17, 18, 20, 21, 26, 31, 32, 33, 44, 45, 48, 50, 54, 55, 57, 63, 64, 67, 69(a), 70, 76 and 97.

Hence the Bill.

**DR. DONKUPAR ROY,
Chief Minister
In-charge, Co-operation.**

**SMTI. W. M. RYMBAL,
Secretary,
Meghalaya Legislative Assembly.**

FINANCIAL MEMORANDUM

There will be no additional expenditure from the Consolidated Fund of the State while implementing the proposed bill.